

**State of New Jersey**  
Office of the Attorney General  
**Division of Consumer Affairs**



**Alternative Dispute Resolution Unit**

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**ALTERNATIVE  
DISPUTE  
RESOLUTION**



New Jersey Division of  
**CONSUMER AFFAIRS**

## What is ADR? \_\_\_\_\_

Alternative Dispute Resolution (*ADR*) is a method of resolving problems without use of the court system. Successful use of ADR avoids the need for often costly and lengthy legal battles. The New Jersey Supreme Court requires parties in certain legal proceedings to submit to court-ordered mediation before being allowed to appear before a judge.

The term “ADR” is broadly defined and includes various types of dispute resolution. The ADR Unit of the New Jersey Division of Consumer Affairs (*Division*) uses the two most common forms: mediation and arbitration.

The Division established its ADR Unit in 1992. It serves as an independent, impartial, non-advocacy agency within the Division.

## What are Mediation and Arbitration? \_\_\_\_\_

**Mediation** is an informal, voluntary process in which a neutral third party assists those in conflict to reach a resolution which is acceptable to all parties. The mediator is not the decision-maker, but he or she helps the disputing parties resolve conflicts by exploring all of the options and managing the negotiation process.

While mediation is a completely voluntary process, should the parties reach an agreement, the agreement is binding and enforceable in court, as is any other contract. If the parties do not reach a mutually acceptable agreement, they are free to pursue legal action.

**Arbitration** is a voluntary legal process which takes place outside of the courts. In arbitration a neutral third party acts as a decision-maker. Unlike mediation, the award issued by the arbitrator is legally binding and generally cannot be appealed.

The arbitrator does not have to be a lawyer nor do the parties have to bring lawyers to the hearing. Those involved receive the opportunity to present their case to the arbitrator in their own words, without an overly structured, formal hearing.

When matters are arbitrated, parties are required to sign an Arbitration Agreement. Should either party fail to live up to the arbitrator's decision, the other party may go to the court of appropriate jurisdiction to have the award enforced.

## What are the Advantages of using ADR? \_\_\_\_\_

- ▶ Matters are dealt with promptly and disputes are generally settled faster.
- ▶ Participants may be able to avoid time-consuming and expensive litigation.
- ▶ The service of trained volunteer mediators and arbitrators is free.
- ▶ Half of all disputes presented to mediators in the ADR Unit from Aug. 2015 through Aug. 2016 were resolved.

## Who Serves as Mediators or Arbitrators? \_\_\_\_\_

Mediators and arbitrators are volunteers drawn from all walks of life. The use of trained volunteers provides a significant financial savings to the State, and affords exceptional dispute resolution services to parties participating in the process.

## Confidentiality \_\_\_\_\_

**Mediation** - Confidential information will not be revealed by mediators without the explicit permission of both parties. All discussions and documents disclosed during a mediation session will remain confidential and neither the documents nor the mediator may be subpoenaed. The only information considered to be “public information” and subject to disclosure is whether or not the disputed was resolved.

**Arbitration** - The arbitration process is also confidential and not open to the public. The award issued by the arbitrator is, however, considered a matter of public record.

## What are the Top Five Types of ADR Cases? \_\_\_\_\_

(July 2015 to September 2016)

- ▶ **Home Improvement**
- ▶ **Auto**
- ▶ **Billing Disputes**
- ▶ **Retail Sales / Service Disputes**
- ▶ **Moving / Storage**